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Home security products—pp. 27-33

National
Home Center News®

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Grace execs eye LBO's of home center divisions

By Brad Altman
NHCN staff editor

NEW YORK — Key executives at several W. R. Grace & Co. home center divisions are contemplating possible leveraged buyout deals in the wake of Grace's decision to sell off its retail empire.

However, no formal purchase offers apparently have been presented to Grace, which is still pondering the most profitable way to dispose of its 660-unit specialty store and home center retail group, which was placed on the selling block Dec. 10.

"I have one going," Sean Lee, president of 91-unit Grace Home Centers West based in southern California, said when asked if he was interested in pursuing an LBO with Grace.

"I have lined up some investor friends and we are talking to Kidder Peabody and Merrill Lynch," Lee said. "Right now we are waiting for First Boston [Grace's investment banker and adviser] to set the worth of the individual units."

Top Grace sources told *NHCN* that executives with New Jersey-based Channel home centers also are interested in such an LBO opportunity, but Channel officials declined to discuss their intentions publicly.

As previously reported (*NHCN*, Jan. 1, 1986), a group of employees led by president Thomas Thornton at Grace-owned, 21-unit Orchard Supply Hardware are interested in taking the California chain private through a leveraged buyout.

In a leveraged buyout, a small group of investors ac-

(Continued on page 5)

NEWSBREAKS

BE GAMBLES ON VEGAS. Builders Emporium, which operates all 63 of its stores in California, plans to expand outside the state for the first time through the purchase of three Von Tobel's units in Las Vegas from Pay 'n Save Corp.

DIXIELINE LUMBER TO OPEN FIRST NEW UNIT SINCE 1979. The five-unit chain, sold in late 1985 by Weyerhaeuser to diversified manufacturer Nortek Inc. will build its sixth facility on a four-and-one-half-acre site next to Mission Gourge Road in San Diego, according to William Cowling II, president. Grand opening is set for September.

Gambles merges with Our Own to help bolster market position

By John Caulfield
NHCN staff editor

MINNEAPOLIS — Gambles, the hardware wholesaler that was purchased by its employees from Wickes Cos. on Aug. 3, 1984, has agreed in principle to merge its operations with Our Own Hardware, the 11th largest wholesale co-op in the industry.

The deal, for an undisclosed sum, will bring together two companies whose fortunes in recent years have been stymied by a sagging farm economy in the Midwest and by their inability to expand at the rate of their competitors.

Gambles, which has operated here since 1925, currently services around 400 Gambles dealers, another 300 independents and a number of chain accounts (including Wickes Lumber) for a total of 1,200 dealers. Last year, its sales

(Continued on page 5)

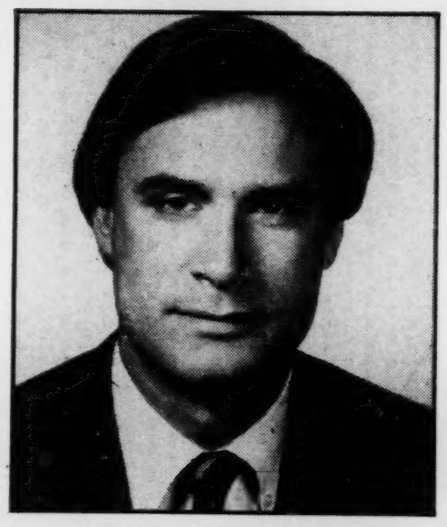
Family passes president's torch to third generation at Hechinger

John Hechinger Sr. joins Richard England as firm's co-chairman

LANDOVER, Md. — John W. Hechinger Jr. will become president of Hechinger Co., effective Feb. 2, the start of the corporation's 1986 fiscal year, the chain announced earlier this month.

John W. Hechinger Sr., who has held the presidency of the chain since 1958, will join Richard England as a co-chairman, and will retain the title of ceo, according to the firm.

"I do not anticipate any significant change in our direction, or in our management,"



John W. Hechinger Jr.

said John W. Hechinger Jr., in an interview shortly after the company announced his promotion. "I think our business

(Continued on page 53)

John Hechinger Jr. assumes new position from vp development

LANDOVER, Md. — Elected by the Hechinger Co. board of directors to the position of company president effective Feb. 2, John W. Hechinger Jr. is the third generation of his family to occupy that position.

Born in 1950, Hechinger Jr. has been with the company in various capacities for 14 years. In his most recent position, vp of corporate development, Hechinger was responsible for real estate, construction and market re-

(Continued on page 53)

Virginia firm maps 15% growth plan; buys independent in North Carolina

MARTINSVILLE, Va. — In the opening round of a new drive to expand its retail operations beyond its current market area, The Lester Group, a $25 million operator of two retail outlets headquartered here, purchased the assets of Godwin Building Supply late last month.

The acquisition of Godwin, which operated two stores in the North Carolina towns of Dunn and Erwin, increases the volume of Lester to $37 million annually, and moves the firm out of its home state for the first time.

Lester also said it was planning to purchase another single-unit building mate-

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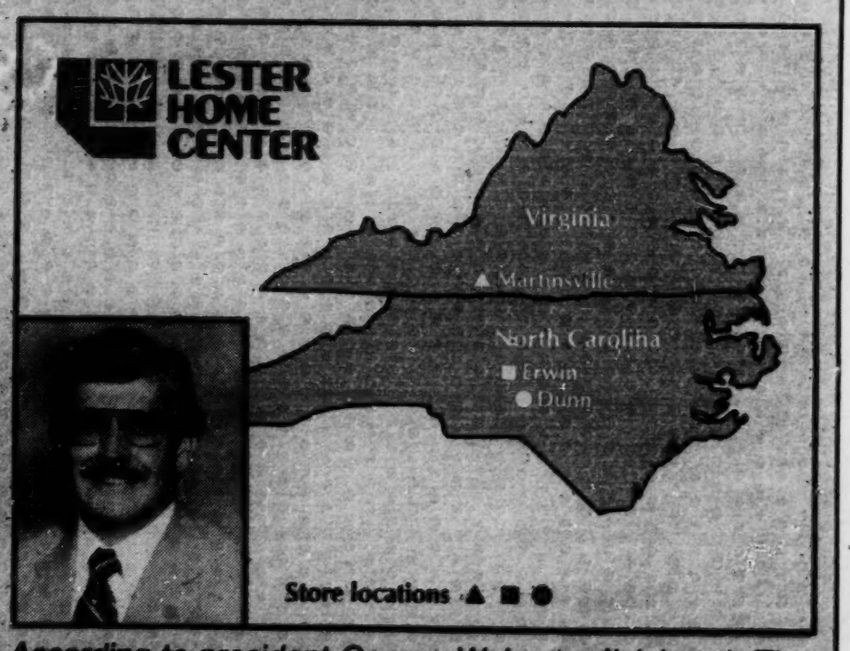

According to president George W. Lester II (above), The Lester Group intends to grow by 15% annually in an effort to expand its retail operations. Photo courtesy of the Lester Group

Homecrafters terminates over 400 employees as 11 warehouses are shuttered

By Phillip M. Perry
NHCN staff editor

BIRMINGHAM, Ala. — Homecrafters Warehouse closed all 11 of its warehouse stores Dec. 31, terminating over 400 employees as the company continued to operate under Chapter 11.

Rejection of the leases on the warehouse units was approved by U.S. Bankruptcy Court in Birmingham on Dec. 30. However, the amount Homecrafters will be required to pay the lessors of the properties has still not been determined.

"We are trying to assist the landlords in finding someone to use the spaces available," said Dick Shepperd, cfo of the company which continues to operate 28 traditional home centers in the Southeast. While no buyers had yet been found for the leaseholds earlier this month, Shepperd noted that there were several possible takers, at least one of which was outside of the home center field. The company would not divulge the names of potential buyers of the leaseholds.

Because the amount Homecrafters will need to pay the lessors has still not been determined, the net effect of the new development on the cash-crunched firm is not known.

(Continued on page 52)

NHCNews Briefs

Industry Update

HomeClub-Zayre deal signed

BOSTON — HomeClub Inc. approved a merger with Zayre Inc., giving HomeClub owners $14.25 a share or 0.2373 shares of Zayre common stock (N.Y.S.E.), according to merger agreements.

The Jan. 9 vote of 6.2 million shares for the proposal represented a majority of HomeClub's 10.3 million shares outstanding. HomeClub will continue operations under its name as a wholly owned subsidiary of Zayre.

According to the merger agreement, Robert J. McNulty receives a base salary of $300,000, a maximum three-year incentive bonus of $500,000, possible Zayre incentive stock options of $100,000 and 5,000 common shares. Zayre common stock closed Jan. 8 at $58.

Easco tool sale on hold

BALTIMORE — Easco Corp. here has terminated its negotiations with an investor group seeking to buy the company's hand tool division.

However, Easco—whose stock hit a new low on Jan. 10—still intends to sell the division, whose 1985 sales fell slightly to $190 million but appears to becoming profitable again after losing $12.7 million in 1984. "We looked at the offer before us, and decided we had a better avenue to take," said Burgess Hildreth, Easco's vp-administration.

In October, an investor group comprised of some of the division's managers and the Chicago firm of Peter W. Smith & Co., agreed to buy the troubled division for $110 million. Smith withdrew from the bargaining and, according to a source familiar with this deal, was replaced by J. P. Industries in Ann Arbor, Mich.

Grace West moves HQs

DIAMOND BAR, Calif. — Grace Home Centers West, the 91-unit, California-based division of W. R. Grace's home center retail group, was set to consolidate its separate Pasadena and Brea offices under one roof in this Los Angeles County suburb effective Jan. 27.

The new corporate headquarters—a four-story, 89,000-sq.-ft. building—is located at 22324 E. Golden Springs Drive, Diamond Bar, Calif., 91765.

Investors buy Household unit

PROSPECT HEIGHTS, Ill. — Household International here has completed its deal to sell off its merchandising group, and will receive $520 million in cash, $125 million in notes, and a 10% share of the acquiring company.

The leveraged buyout of this unit, which includes Coast-to-Coast, the franchised wholesaler, was conducted by an investor group that included part of the unit's management and Donaldson, Lufkin and Jenrette, the investment banker.

Also involved is Bass Limited Partnership, based in Greenwich, Conn., which is made up of the Bass brothers of Fort Worth, Tex.; Equitable Life Assurance Society of the U.S., a New York life insurance company; and Drexel Burnham Lambert, a New York investment firm.

L&G Expo in Ky. thru 1990

LOUISVILLE, Ky. — The Kentucky Fair & Exposition Center here will continue to be the stage for the International Lawn, Garden and Power Equipment Expo at least through 1990, according to a new, extended lease agreement between the Outdoor Power Equipment Institute and the Kentucky State Fair Board.

The exposition center here was the site of the outdoor power group's shows in 1984 and 1985. OPEI president, Robert Bergen, said that the commitment to the five-year lease is a reflection of both exhibitors' and attendees' satisfaction with Louisville and the facilities at the exhibition center.

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Vol. 12, No. 3 January 27, 1986

Ernst drafts Howenstein from Central

SEATTLE — Gene Howenstein, former vice chairman of Central Hardware, Bridgeton, Mo., has joined Ernst Home Centers as senior vp and gmm, according to Michael Rouleau, Ernst president.

Separately, 20-year Ernst veteran William P. Boston, most recently assistant to the president reporting to Rouleau, resigned. Rouleau, a former Minneapolis-based Target discount stores executive vp, replaced Boston as head of the now-76-unit Ernst chain in February 1985.

In a related personnel move, Mack DuBose, formerly Ernst merchandise director, has become director of merchandising, planning and development, a newly created position, Rouleau said.

Howenstein, 58, worked at Central Hardware from 1968 to September 1985. His positions there included executive vp, vp-operations and vp-merchandising. Rouleau described Howenstein as "a heavy hitter," adding that his arrival was "a very positive thing" for Ernst.

Howenstein said that before joining Ernst late last year he oversaw the liquidation of Eagle Family Discount Stores in Florida. The stores were owned by St. Louis-based Interco, which is Central Hardware's parent.

Rouleau said Boston will not be replaced. Boston told *NHCN* he decided to leave because "it was time to take some time off." He said he is exploring various options including "looking at opening up my own business." Boston was Ernst division general manager from 1978 to 1985. He began at Ernst as a receiving clerk in 1966.

Rouleau said DuBose's responsibilities include strategic planning, store remodeling and construction, consumer research and merchandise strategy. DuBose joined Ernst in 1984 from W. R. Grace, where he was a divisional manager within its Western home center region.

In 1985, Ernst opened three stores—two stores in the Seattle market cities of Renton and Issaquah in November and a unit in Everett, Wash., in September.

Former Central Hardware vice chairman, Gene Howenstein will serve Ernst as a sr. vp and gmm.

The store openings raised Ernst's chainwide count to 76 units in six Western states, including three Von Tobel's home centers in Las Vegas, Nev.

Ernst is owned by Seattle-based Pay 'n Save Corp., acquired in 1984 by The Trump Group, the New York-based financial and business concern.

UPC labels considered for live plants

BEDFORD, Mass. — Retailers, growers, label printers and nursery industry groups and associations were expected to meet this month in Chicago to consider funding a major study on the implementation of bar coding for the horticultural industry.

Sponsored by The Planting Council, the meeting was scheduled to address ways to minimize difficulties in using the Universal Product Code and discuss retailer and grower benefits of bar coding systems.

Like recent moves by hardware manufacturers to print bar codes on their products' packaging, the impetus behind a bar code program for the horticultural industry comes from large discounters, such as K mart, who are demanding better ways to keep track of their green goods inventory. But, bar coding of green goods is also likely to appeal to home center retailers, many of whom operate full-blown lawn and garden departments and sell plants on a year-round basis.

Some of the impetus for bar coding plants comes from large discounters such as K mart.

"We are actively discussing ways of handling green goods better," said Greg Fuller, merchandise manager at All American Home Center, Downey, Calif.

All American makes its own UPC tickets for its merchandise and about a quarter of its hardware and houseware products are delivered to the store source-coded with UPC. The $25 million home center would be very interested in "any ideas out there on bar coding green goods," added data processing manager Ray Brown.

Because of the nature of green goods, nursery products traditionally have been difficult for retailers to re-

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merchandising

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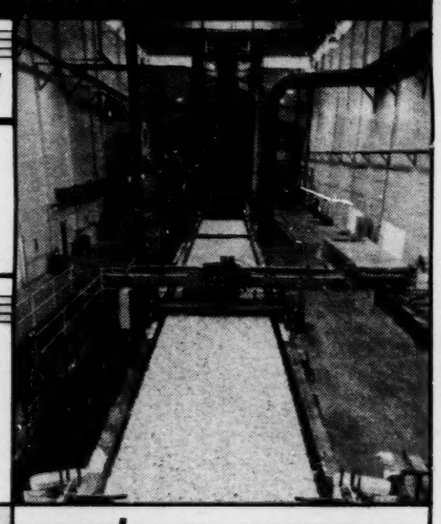

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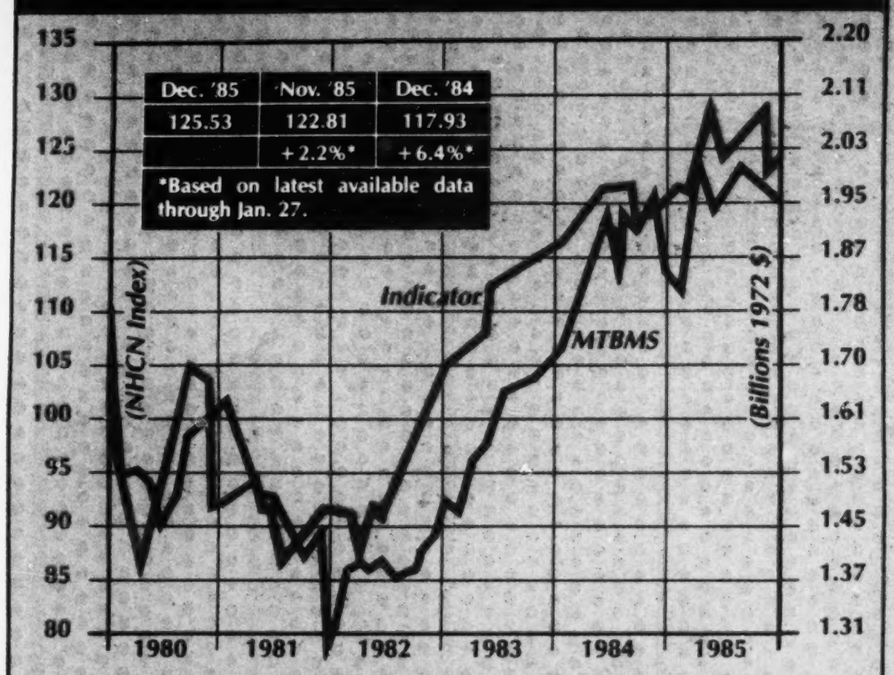
BUSINESS WATCH

National Home Center News Leading Indicator



MTBMS—Monthly retail trade building material and supplies in 1972 $.
Indicator—Represents projected level of retail building supply sales activity four to six months out from current month. Data based on real personal income, housing starts, resales, prime rate and other data.

Growth prospects confirmed, sales to post 6% gain in '86

By Richard E. Mount
Special to NHCN

The strong growth prospects for building material and supply store sales in 1986 that we have indicated in the past are being confirmed by recent economic indicators. The real volume of building material and supply sales will post a gain of 6% in real volume during the coming year due to the strength that exists in the resale housing market and the *NHCN* Leading Indicator along with the expected improvements in the general economy.

The *NHCN* Leading Indicator rose 2.2% in December from the prior month and is 6.4% ahead of a year ago. Its current heading points to continued gains in the real volume of building material sales during the first six months of 1986. The strength in the indicator is coming primarily from the improvement in the resale market. Resales averaged three million units in the first quarter of 1985 and will near 3.5 million in the fourth. Interest rates have shown little change in recent months and personal disposable income has advanced.

Richard Mount

The Leading Indicator has been experiencing some sharp swings in its pattern of late, however, reflecting the erratic shifts in housing starts. The wide month-to-month swings in the indicator do not herald a similar pattern for building material sales.

During 1986 the *NHCN* Leading Indicator will begin to moderate in its advance. By the second half of the year interest rates will begin to back up and reduce new and existing home sales. The remainder of the economy will be strong and rising employment will maintain the demand for building materials.

November's economic statistics continue the string of mixed readings about the health of the economy. But on balance, the indicators are consistent with respectable growth in the first half of 1986.

Consumers continue to spend at a rapid clip. Spending was up 1% in November. Households are benefiting from the climb in the stock market and modestly expanding labor markets. Consumer spending, on a year-to-year change basis, is going to decelerate considerably over the next few quarters, not being able to keep up the break-neck pace of early 1985.

The government has recently revised the GNP accounts. Income was adjusted upward in order to better capture unreported data. The price index for computers was reworked in order to better adjust for the technological advances and improved quality that has taken place in recent years. The base period for the inflation index has been changed from 1972 to 1982.

For building material and supply store management, the significance of the data changes in GNP is that the financial conditions of consumers are better than originally thought. The concern voiced by many was that consumers would begin to reduce buying patterns because of their debt. The higher level of income shows, however, a lower debt level and indicates that future sales of building materials and supplies can be funded from additional consumer debt. Second, the savings rate is higher than originally thought. Prior to the revisions, savings were running at about 3% of income but the new series puts the rate closer to 4.5%.

Richard E. Mount is senior economist and manager of housing and construction material research for Merrill Lynch Economics.

Home Center Industry Outlook—Part One

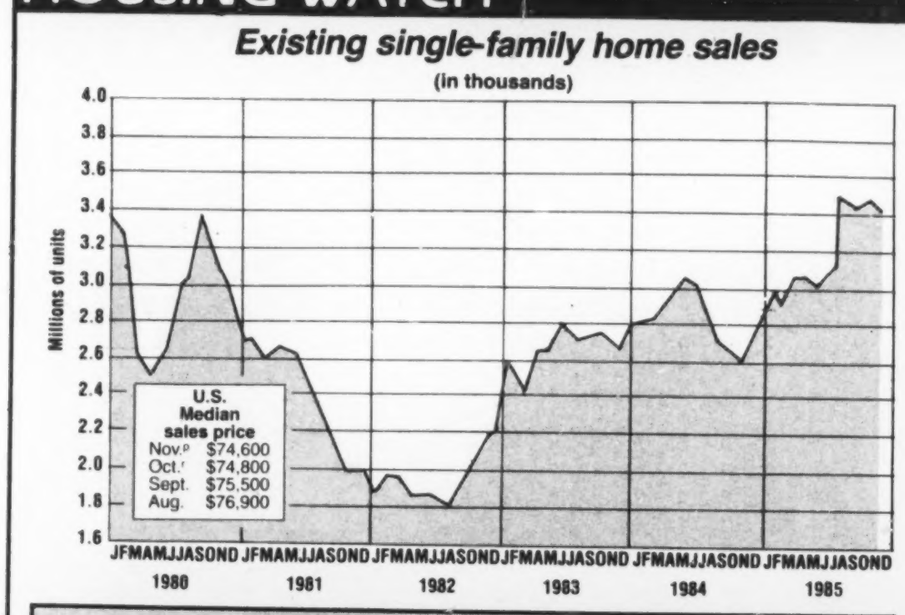
	Latest Available Data	1985 QI	1985 QII	1985 QIII	1985 QIV	1986 QI^p	1986 QII^p	1986 QIII^p	1986 QIV^p	1984	1985	1986
NHCN Leading Indicator (January 1980=100)	Dec.	120.2	124.3	125.1	123.4	127.5	127.7	127.8	127.9	117.8	123.3	127.7
General Economic Outlook												
GNP $1982 Billion	QIII	3,547.8	3,557.4	3,584.1	3,610.9	3,642.9	3,669.5	3,700.6	3,736.5	3,774.7	3,575	3,687.4
Real Disposable Income $1982 Billion	QIII	2,482.7	2,532.2	2,503.1	2,520.5	2,540	2,554.8	2,572.5	2,592.8	2,468.4	2,509.6	2,565.0
Housing Permits (000 SAAR)	Nov.	1,667	1,731	1,762	1,680	1,730	1,700	1,650	1,630	1,682	1,710	1,726
Housing Starts (000 SAAR)	Nov.	1,795	1,772	1,673	1,680	1,825	1,800	1,750	1,740	1,750	1,730	1,738
New Home Sales (000 SAAR)	Nov.	670	680	711	665	710	710	690	680	639	682	692
Resales (000 SAAR)	Nov.	2,970	3,047	3,363	3,450	3,250	3,250	3,200	3,150	2,868	3,208	3,278
Prime Rate %	Dec.	10.5	10.2	9.5	9.5	9.25	9.0	9.0	9.0	12.0	9.9	9.3
Mortgage Rate % (HUD)	Dec.	13.0	12.9	12.1	11.8	11.5	11.6	12.0	12.1	13.8	12.5	11.8
Consumer Price Index (1967=100)	Nov.	317.8	321.1	323.0	326.4	328.9	331.6	334.4	337.5	311.1	322.1	333.1
Producer Price Inde '1967=100)	Nov.	292.1	293.8	293.2	296.1	297.4	298.7	300.0	301.7	291.2	293.8	299.5
New Housing Affordability (1980=100)	Nov.	110.3	109.0	116.0	118.6	120.4	119.6	116.5	116.5	102.2	113.5	118.3
Residential Alterations and Repairs												
Current												
Total $ Millions (SAAR)	QII '85	84,900	70,400	70,575	72,928	75,498	77,773	80,356	82,801	69,784	74,701	79,107
Maintenance & Repair	QII '85	37,300	32,400	30,888	32,074	33,102	34,149	35,212	36,294	28,894	33,165	34,689
Additions & Alterations	QII '85	29,700	25,600	26,672	27,359	28,234	28,964	29,795	30,458	27,822	27,333	29,363
Major Replacements	QII '85	17,900	12,400	13,015	13,495	14,161	14,661	15,349	16,050	13,067	14,203	15,055
Constant												
Total Millions ($1977 SAAR)	QII '85	49,739	40,975	40,670	41,610	42,650	43,500	44,500	45,400	41,134	43,249	44,013
Maintenance & Repair	QII '85	21,853	18,858	17,800	18,300	18,700	19,100	19,500	19,900	17,029	19,203	19,300
Additions & Alterations	QII '85	17,400	14,900	15,370	15,610	15,950	16,200	16,500	16,700	16,406	15,820	16,338
Major Replacements	QII '85	10,487	7,217	7,500	7,700	8,000	8,200	8,500	8,800	7,699	8,226	8,375
Retail Trade Activity												
Current												
Total $ Millions (SAAR)	Nov.	1,339,688	1,374,052	1,403,728	1,389,600	1,412,455	1,435,138	1,456,935	1,484,099	1,297,015	1,376,767	1,447,157
Total Minus Automobile	Nov.	1,043,440	1,062,084	1,071,676	1,089,492	1,092,597	1,107,970	1,124,180	1,142,112	1,020,007	1,066,673	1,116,715
Building Material, Hardware, Garden Supply, Mobile Home	Nov.	69,816	72,024	73,132	74,656	76,707	77,682	78,703	79,666	68,703	72,207	78,189
Building Material & Supply	Oct.	50,468	53,012	53,248	55,937	56,565	57,408	58,439	59,295	49,774	53,166	57,927
Hardware	Oct.	9,844	9,984	10,256	10,489	10,502	10,537	10,666	10,796	9,530	10,143	10,625
Constant												
Total $ Millions ($1972 SAAR)	Nov.	636,632	651,792	664,088	656,708	660,900	664,865	668,280	674,000	621,128	652,283	667,011
Total Minus Automobile	Nov.	497,904	505,112	509,272	518,556	514,885	516,960	519,330	522,390	489,485	507,711	518,391
Building Material, Hardware, Garden Supply, Mobile Home	Nov.	30,476	31,908	32,537	33,078	33,650	33,748	33,845	33,920	31,185	32,090	33,789
Building Material & Supply	Oct.	22,284	23,484	23,690	24,648	24,670	24,790	24,985	25,100	22,623	23,525	24,886
Hardware	Oct.	4,344	4,424	4,563	4,620	4,580	4,550	4,560	4,570	4,334	4,489	4,565
Building Materials % of Total Less Automobile ($ Current)	Oct.	4.84	4.99	4.87	5.13	5.13	5.18	5.20	5.19	4.89	4.98	5.19

Data: Department of Commerce, Bureau of Labor Statistics, National Association of Realtors, Department of Housing and Urban Development
Jan. 9, 1986

The Home Center Industry Outlook runs in two parts, in alternate issues. Part I includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. Part II includes latest data on regional building material & supply store sales; and industrial production. The *NHCN* Leading Indicator runs every issue.

SAAR—Seasonally Adjusted Annual Rate
e—estimate
p—projection
NHCN chart
Source: Merrill Lynch Economics for *NHCN*

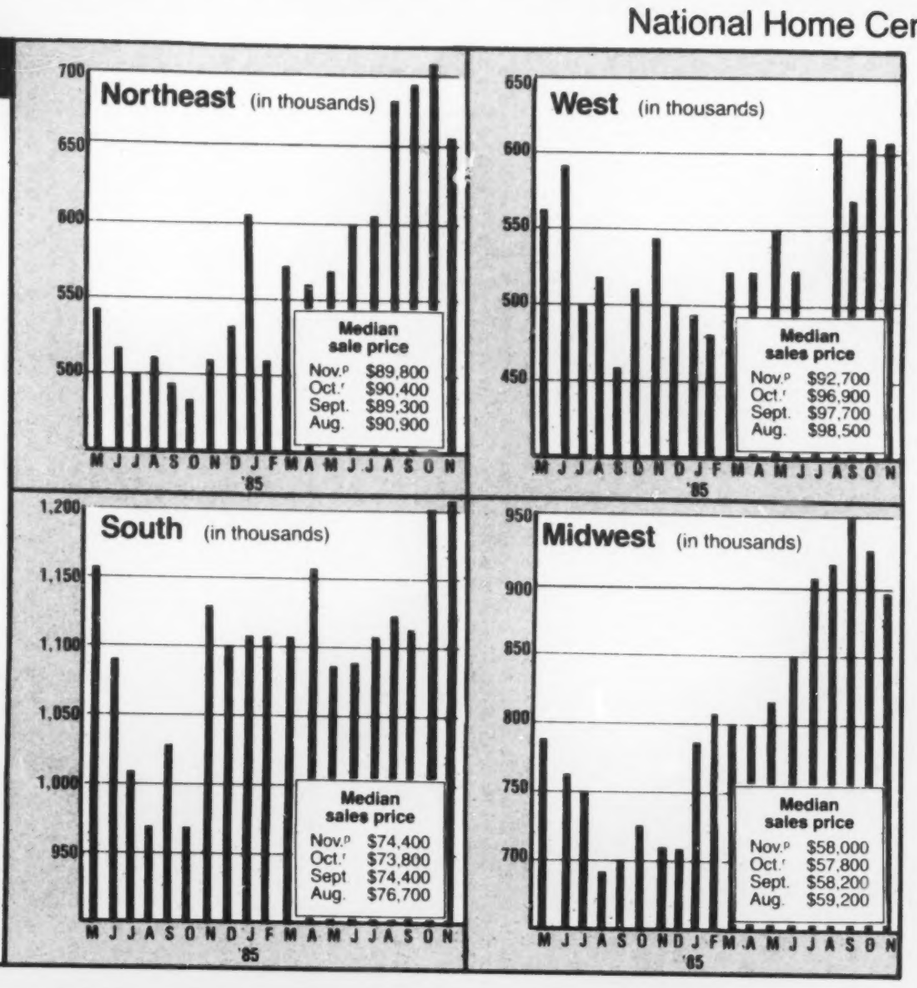
HOUSING WATCH



Despite a 3.4% decline in the home resales pace in November, the sale of previously occupied homes is up 21.2% over last year, the National Assn. of Realtors reported. Later this month when the total for 1985 is completed, the association is forecasting that 3.187 million existing single-family homes will have been sold compared to the 2.868 million sold last year.

p – preliminary r – revised

Source: Nat'l Assn. of Realtors



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Subsidiary of Master Lock

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Nov. resales decline 3.4%

NATIONAL REPORT — The winter slowdown in home resales took hold in November with three of the country's four regions recording sales pace declines that amounted to a 3.4% drop in activity, according to the National Assn. of Realtors.

Only the South, the largest region, recorded a sales pace increase in November, up 2.4% to 1.27 million units, seasonally adjusted.

Through November, annualized sales reached 3.43 million units, which was 21.2% above the 2.83 million units recorded for the same period last year. Jack Carlson, the association's chief economist and executive officer, forecasts that 1985 will record the sale of 3.187 million existing single-family homes compared to 2.868 million in 1984.

The median home price in November fell $200 to $74,600, the association reported.

The Northeast, where sales and appreciation have been the strongest of all the regions, charted an 8.3% decline in activity in November, to 660,000 units, seasonally adjusted, and a $200 decline in the cost of a median-priced home, to $89,800. Home prices for 11 months of 1985, however, rose 9.5% in this region, compared to 3.8% nationally.

The picture was slightly different in the West. The sales pace for existing single-family homes fell 4.7% in November, to 610,000 units, seasonally adjusted, and home prices dropped 4.5% from October, to $92,700. In addition to the home price drop, which was the largest in this recording period, the cost of a median-priced home in the West in November was $500 less than it was for the corresponding month in 1984, making it the only region to record a year-to-year decline in the cost of previously occupied homes.

Glenn Crellin, staff vp for economics and research at the NAR, explained that in the West, the most expensive region to purchase a home, many homes are smaller than they traditionally have been. Also, he noted, home prices have been stable there since 1981.

Resale home prices in the West, however, are due to rise in 1986, he noted.

Resale home affordability best in 7 yrs.

NATIONAL REPORT — Resale homes were more affordable in November than they've been in seven years, according to the National Assn. of Realtors.

The association's affordability index reached 99.7 in November, the highest level since December 1978 when the index was 102.2.

The 99.7 means that families earning $27,814 annually, the median in November, had 99.7% of the income needed to qualify for a mortgage loan covering 80% of the purchase price of the then median-priced home, $74,600.

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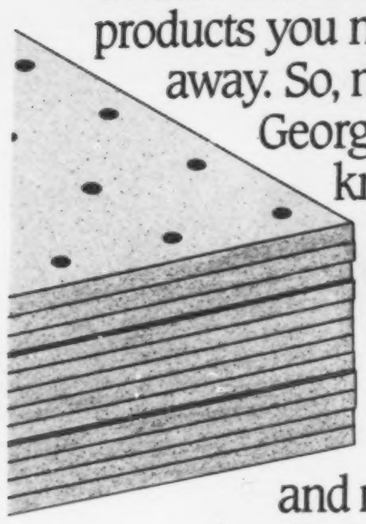

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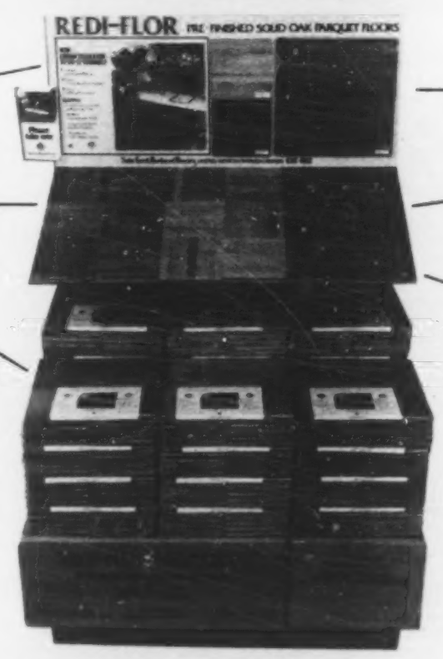
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LUMBER REPORT

Chicago positioned to become leading Canadian wood conduit

By Milford Prewitt
NHCN staff editor

CHICAGO — The Illinois International Port here is positioning to become a leading distribution center for Canadian lumber in the U.S. and a major conduit for consuming lumber markets in central and southern states.

In what has been called a significant boost to Chicago maritime industry, state officials, longshoremen and Canadian shipping authorities have reached an agreement to begin regularly scheduled shipments of Canadian lumber this April. The proposed cargo will consist mainly of dimensional lumber, particle-and waferboard, newsprint and pulp.

The shipments of Canadian lumber represents the first time in 15 years the port will receive lumber from Canada, according to Richard Vanderzee, a spokesman for the Illinois International Port Authority (IIPA).

Vanderzee said the first scheduled shipment in April will weigh about 100,000 tons, but the cargo sizes are expected to increase in time, he noted.

"For the port, this means hiring 20 new longshoremen full time and about $1.2 million in income," he said. "This is a really important development for us."

The success of the venture will hinge to a great extent on the ability of Newman Harbor Terminal Transportation and Warehouse Co.—a Windsor, Ontario-based shipper and principle mover in the deal—to find cargo for return trips to its shipping complex in Thunder Bay, Ontario.

"Coming to Chicago with Canadian lumber on a regularly scheduled basis will mean a sizable investment in equipment and at least one additional vessel," said Neils Jorgensen, president of Newman Harbor Terminals. "But the two factors that will weigh heavily on our efforts will be labor and port charges and the ability to get northbound return cargo."

But Jorgensen indicated the project is ripe with potential for the port, the shippers, labor unions and local retailers. He said he was pleased with the labor concessions the International Longshoreman's Union (ILA) offered and the marketing assistance of the IIPA to help find clients—probably from the heavy equipment and automotive industries—for shipping to Canada. In the long term, Jorgensen said Chicago's port would emerge as one of the major distribution facilities in the U.S. for Canadian lumber.

"Chicago is a natural distribution point for us," Jorgensen said. "It offers excellent transportation features no other Great Lakes port has and everything is here.

"We can expect the possibility of barging shipments to St. Louis, Memphis and the main Illinois, Ohio and Mississippi River ports. We can be competitive with our Canadian forest products all the way to New Orleans."

Last September, the company's flag vessel, the "Jensen Star," made a trial run to Chicago carrying three million board feet of dimensional lumber which was consigned to the Bloch Lumber Co., a Chicago-based, national-wholesale lumber distributor.

"This is the largest and most significant effort to date to capitalize on Chicago's location," said Ted Bloch, president of the firm, noting at the same time that the agreement takes advantage of the deregulation in transportation.

"This new freight environment will change the pattern of lumber distribution and will make Chicago a center for shipments to middle American markets," Bloch said. "We will be able to move it [lumber] by rail, truck or water."

Conscious of the growing antagonism by American forest product interests against Canadian lumber imports, Jorgensen said the shipments through Chicago should not be viewed as additional imports, but more accurately reflects a form of rerouting or detouring.

FUTURES

Two weeks ended Jan. 2, 1986

LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.

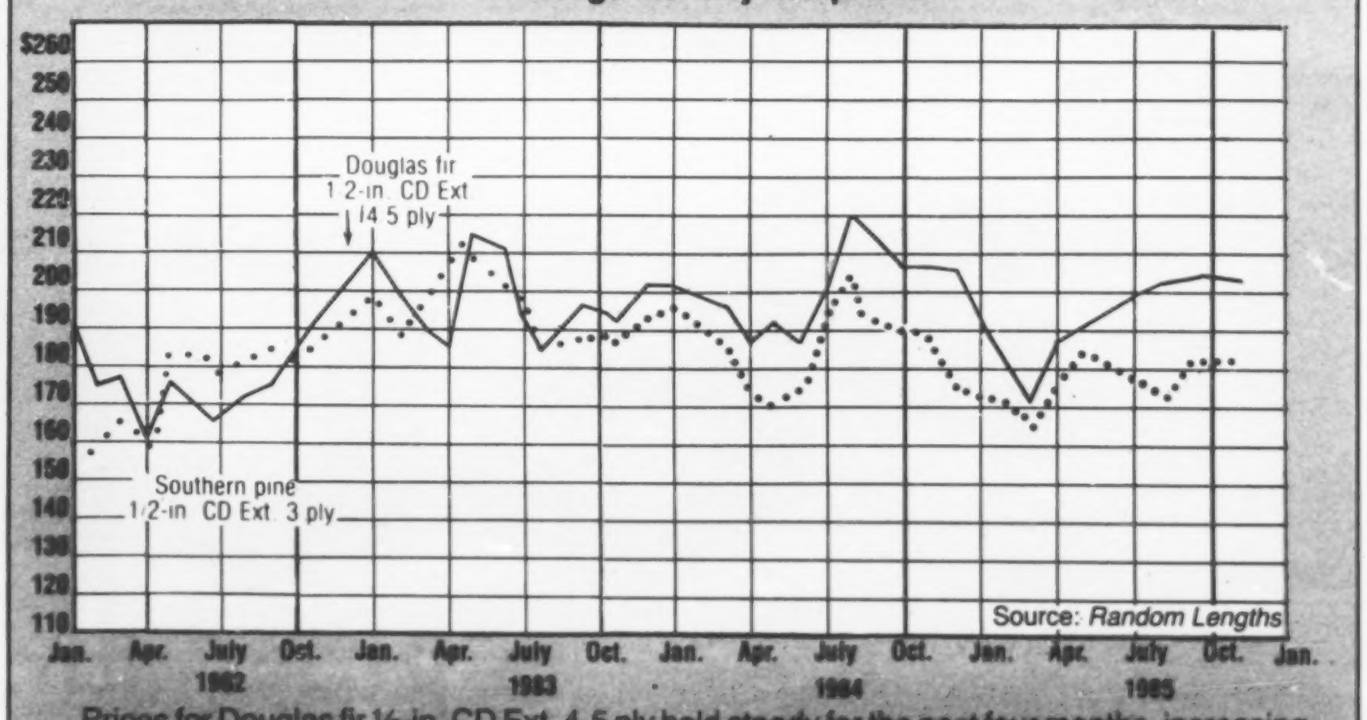
	High	Low	Close (Settle)	Previous Week	Open* Interest	Contract High	Contract Low
Jan. '86	147.70	143.60	144.90	149.10	1,602	187.30	133.60
March	153.80	149.10	149.80	154.70	3,241	195.00	139.70
May	158.40	154.50	155.10	159.10	978	176.40	145.20
July	162.50	159.10	159.90	163.00	259	183.40	149.50
Sept.	164.50	162.10	162.80	164.90	197	180.00	152.90
Nov.	164.90	162.50	162.90	165.70	118	166.90	153.00
Jan. '87	169.50	167.10	167.10	168.00	20	173.50	164.90

Total Contract Vol. (Through 1/2): 5,622 — **Previous Two Weeks: 12,436**
Total Open Interest (As of 1/2): 6,415 — **Previous Week: 6,438**
Cash Price: $151.90 — **Previous Week: $151.90** — **Year Ago: $158.76**

CME—Chicago Mercantile Exchange
*Figures for Thursday, Jan. 2, 1986.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Western & Southern Plywood

Average monthly mill prices



Prices for Douglas fir ½-in. CD Ext. 4-5 ply held steady for the past four months, increasing by only $1 per thousand board feet. The panel was selling at $202 per thousand board feet in August and closed the month of November with a monthly average of $203.

Southern Pine ½-in. CD Ext. 3 ply rose from its August average of $174 per thousand board feet but has also leveled out in the past three months to close the month of November at $182 per thousand board feet.

Perspectives

cover story

Suppliers reorient structural panel market

By Milford Prewitt
NHCN staff editor

Dice a log into a couple of million pieces; sprinkle the chips until they form a carpet; spray with glue and moisture-resistant resins; smash the mixture into a press; dry it; cut it and a nonveneer, or reconstituted, structural panel is made.

Whether the nonveneer panel makers call their boards "Aspenite" (MacMillian-Bloedel Ltd.), "Structurwood" (Weyerhaeuser), "Blue Ribbon OSB" (Georgia-Pacific), "Waferwood" (Louisiana-Pacific), "Oxboard" (Potlatch Corp.), "Blandex" (Blandin Wood Products), "Weldboard" (U.S. Plywood), or "Norbord" (Northwood Panelboard Co.), there is little divergence between them in the technology used to make the product.

Where there had been two distinct camps, waferboard and oriented strand board (OSB), the differences now are not so sharp.

Just three years ago, OSB was easily distinguished as a composite board made from elongated wood chips directed along plys and then pressed together with each ply aligned at right angles to the adjacent ones. In the old waferboard format, square chips were randomly pressed together without the strict orientation.

Those distinctions no longer hold, however. Orienting chips does not increase production costs significantly, but it improves the products structural strength. In fact, it improves strength to the point that OSB and oriented waferboard receive comparable performance ratings from the American Plywood Assn. (APA). Almost all the nonveneer panel product produced today contains oriented chips.

"In just four or five years, the reconstituted panel industry has evolved to the point that not only is the performance of the boards closer together, but they even look alike," said Bill Rooney, marketing director for L-P, the largest of the nonveneer panel makers. "We switched to the oriented waferboard because it gives you a better panel at relatively no additional cost."

Rooney noted, "OSB and waferboard are ultimately the same product."

The factors Rooney identified that compelled L-P to switch to the orienting process is part of a broad, industry-wide commitment by the forest products companies to produce more nonveneer panels in the ensuing years.

The commitment is an extensive one that some pundits say may eventually brush plywood to the sidelines in the very near future. However, total structural panel production is growing slowly, so producers are looking to take their growth from new markets and from each other.

Nonveneer may overtake plywood in 10 years

Bowen Smith, a forest products analyst with Salomon Brothers, the investment firm, annually issues a builders' attitude survey on structural panel substitutes. He projected that the market acceptance for nonveneer panels will squeeze plywood out by 1995. In addition, Smith forecasts that the higher operating cost associated with plywood mills also will contribute to their demise.

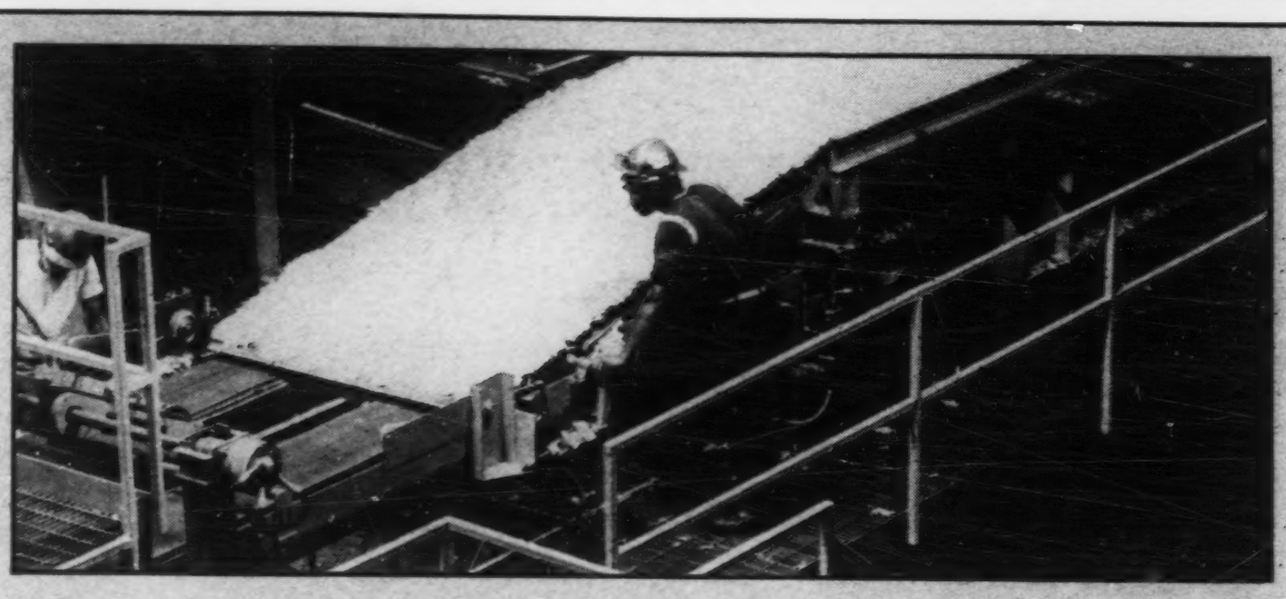
"Ten years from now, every end-use that uses plywood will be able to take OSB or waferboard," Smith said. "The higher priced products [plywood] are in jeopardy and people are just getting tired of working with knotholes.

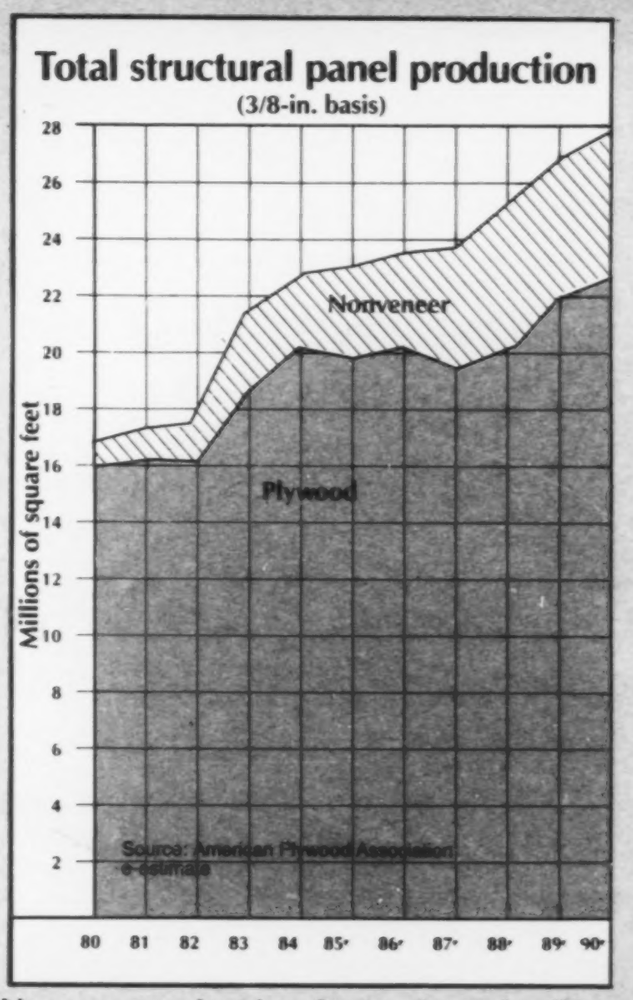
"But plywood is not only going to lose out for price reasons, it's going to lose it on quality because the amount of good timber needed to produce quality veneer is declining rapidly."

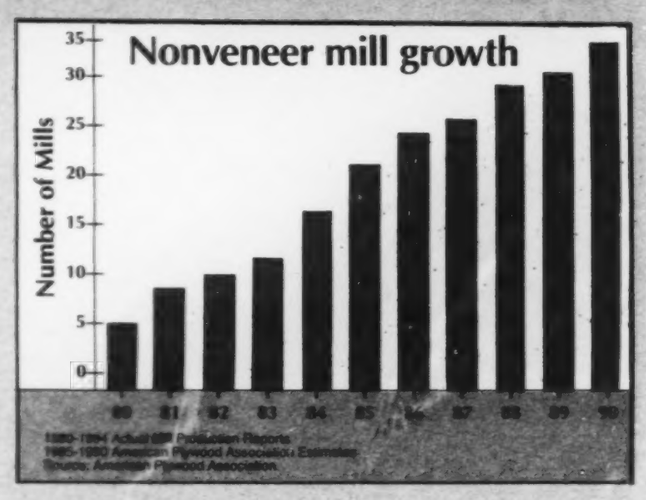
While plywood continues to dominate in both production and market share, figures from the APA tends to support the observation that Smith and others are on track.

From a production output of 443 million sq. ft. in 1980, of a total of 16.7 billion sq. ft. of capacity in the total structural panel market, the nonveneer panel presence has risen to 15% of production, for an 800% increase by the end of 1985. What is more, of the 18 structural panel mills announced to be built by 1990, the APA reports that 13 will be nonveneer. By 1990, the APA estimates that 19% or 5.4 billion sq. ft. of a total structural pan-

(Continued on page 39)







Major nonveneer structural panel producers

Company	Panelboard name	Number of mills	Productive capacity* (mil. sq. ft.)
Louisiana-Pacific	Waferboard	10	1,000
Georgia-Pacific	Blue Ribbon OSB	4	750
Weyerhaeuser	Structurewood	3	600
MacMillian Bloedel Ltd.	Aspenite	2	400
Potlatch Corp.	Oxboard	2	345
Blandinwood Products	Blandex	1	275
U.S. Plywood	Weldboard	**	250

*3/8-in. basis
**Distributes production of independent mills

Nonveneer structural panel production will grow 69% within the next five years to account for 16% of total production. At the same time, 13 of the 18 panel mills to be built will be nonveneer. Some fear that if the manufacturer's marketing strategies fail, the oversupply problem in the industry will worsen. Shown above is the production line at Georgia-Pacific's new Oriented Strand Board plant in Skippers, Va.

Photo above courtesy of Georgia-Pacific
Opening page photo: Louisiana-Pacific waferboard plant in Houlton, Me.

Home centers face uphill battle for DIY nonveneer panel sales

It made no difference to Bill Lott that the 4x8 panel of plywood he purchased at a Rickel Home Center in Watchung, N.J., was priced $3 more than a panel of waferboard.

The coffee and tea salesman said he bought the plywood to lengthen his dining room table in order to seat more family members for Christmas dinner and the appearance of the board was a prime consideration.

"That other stuff [waferboard] just looks too bad and the surface is too rough," said Lott, who, despite emphasizing looks and smoothness, revealed that the plywood was going to be covered by a mat and a tablecloth, and not seen or felt by anyone, anyway.

Lott's dislike of the appearance of nonveneer panels is representative of a reaction home improvement retailers report being well acquainted with, but it is also one, the retailers say, that has yet to be appreciated by their forest products suppliers.

Indeed, retailers are beginning to complain that the grand pronouncements by many forest products producers to make more nonveneer panels—oriented strand board (OSB) and waferboard—in the ensuing years lacks an accompanying promotional or marketing program to assist retailers.

While retailers whose sales volume is more dependent on the contractor report that their experience with nonveneer panels is not as disappointing as their DIY counterparts, it is shoppers like Lott that bother retailers such as Ed Linehan, lumber buyer for Somerville Lumber, Somerville, Mass.

"The manufacturers have not done their job to educate the public about these products," Linehan said. "At least 75% of our volume is with the DIY market and they don't even know what these products are. I think waferboard and OSB have a few years to go yet before people will know what it does."

(Continued on page 54)

Bill Lott, at Rickel Home Center, Watchung, N.J., holds a sheet of plywood he purchased rather than waferboard. He is among many DIYers who retailers claim need to be educated about waferboard use. NHCN photo

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cover story

Readjustments made in structural panel market

(Continued from page 20)

el market of 23.7 billion sq. ft., will be nonveneer.

When it comes to comparing performance abilities among the three panel products, the APA is generally applauded for developing a measuring stick—span ratings—that gives the professional builder an immediate grasp of panel capabilities.

Smith, the Salomon Brothers analyst, said that based on his survey of major forest products producers manufacturing expenses, it cost the average plywood mill about $65 per thousand square feet to make its product. Waferboard makers (including the orienters) paid about $48 per thousand square feet compared to OSB, whose operations were about $57 per thousand square feet.

The tilt toward waferboard production resulted from those plants being located in areas that do not compete with plywood mills for trees and having lower capital cost than OSB plants since waferboard mills are usually smaller, Smith said.

Spectre of raw material shortage, panel oversupply

If there were any dark clouds looming over the horizon for nonveneer panel manufacturers, Smith suggested it would be the possibility of a timber shortage as both pulp/paper makers and nonveneer producers compete for the same sort of timber.

The rush to put more nonveneer panels on the market has even forced small wood products producers to make the appropriate retooling adjustments to remain competitive.

Brian Vergin, president of Blandin Wood Products in Blandin, Minn., whose company will install orienting and waferizing machinery in its production line in May, cited similar reasons as L-P's Rooney to explain why a smaller forest producer converted from waferboard to OSB. Vergin said that his company's production of "Blandex" is approximately 275 million sq. ft. on a 3/8-in. basis.

"The market dictated what it wanted, but the evolution has not stopped," Vergin said.

"We're certainly going to see a different kind of product a few years from now as new markets are identified and manufacturers improve the technology."

But the new technology and more streamlined manufacturing costs that are fueling the industry's enthusiasm about nonveneer panels may exacerbate the oversupply problem currently haunting the industry.

The APA, for example, estimates that the structural panel industry has currently 6 billion sq. ft. of excess capacity.

Consequently, the marketing development and promotional campaigns various for-

(Continued on page 42)

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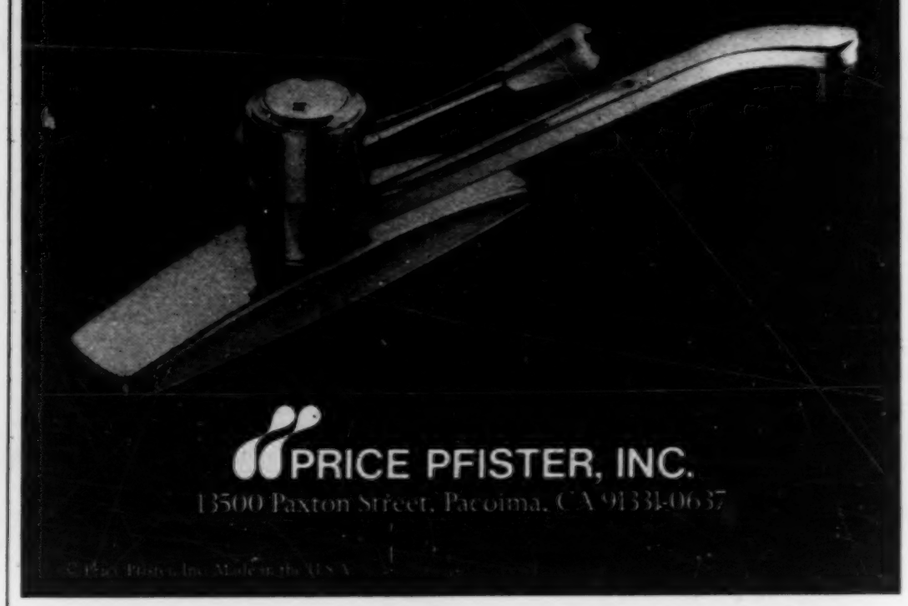

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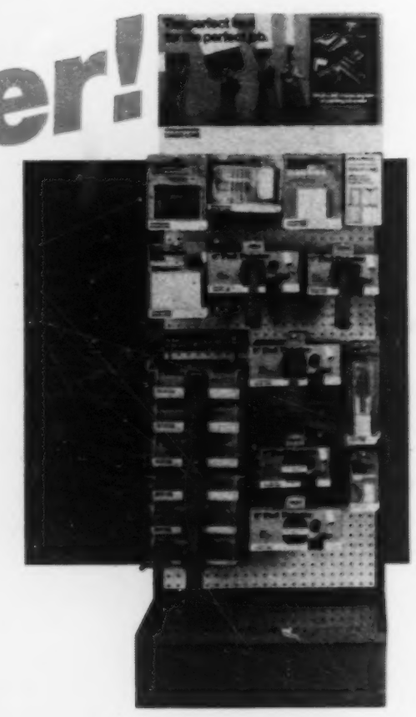

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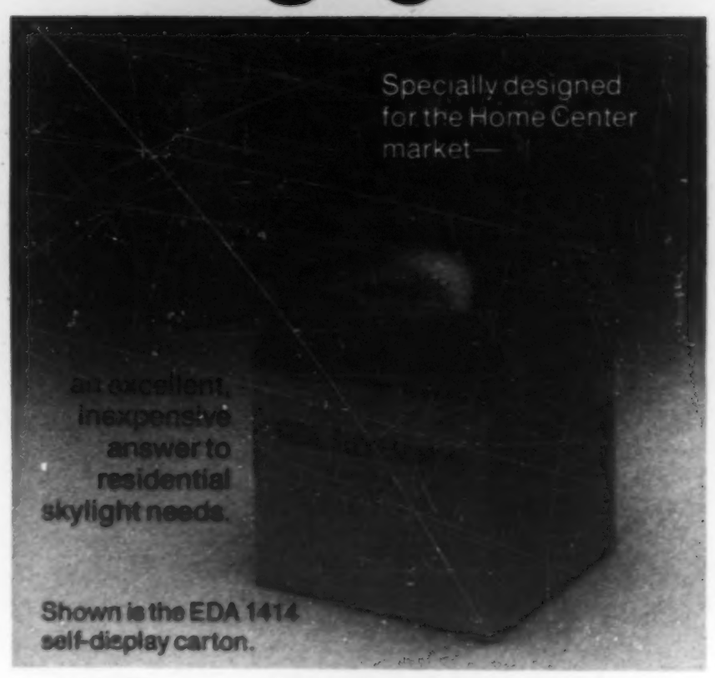
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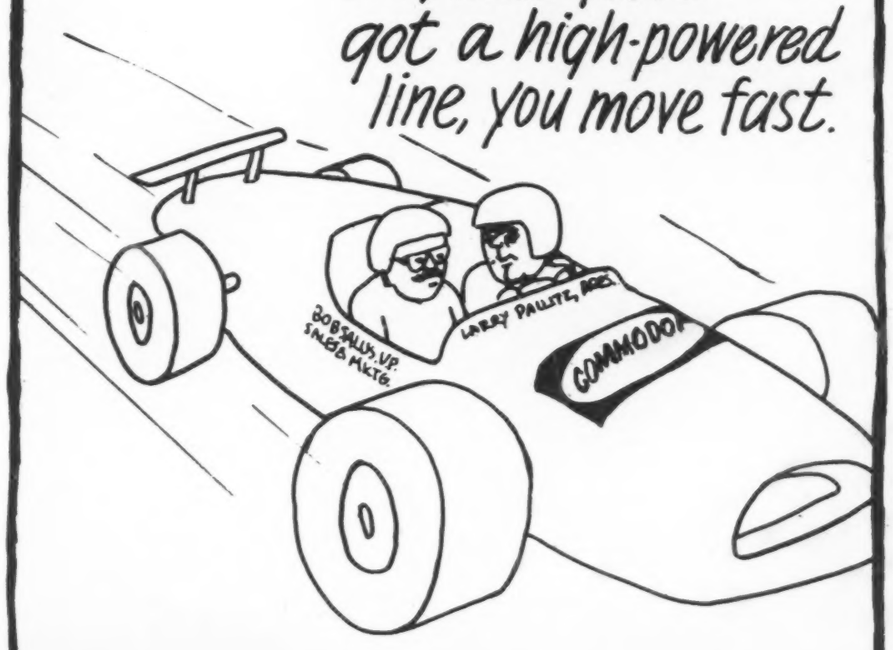

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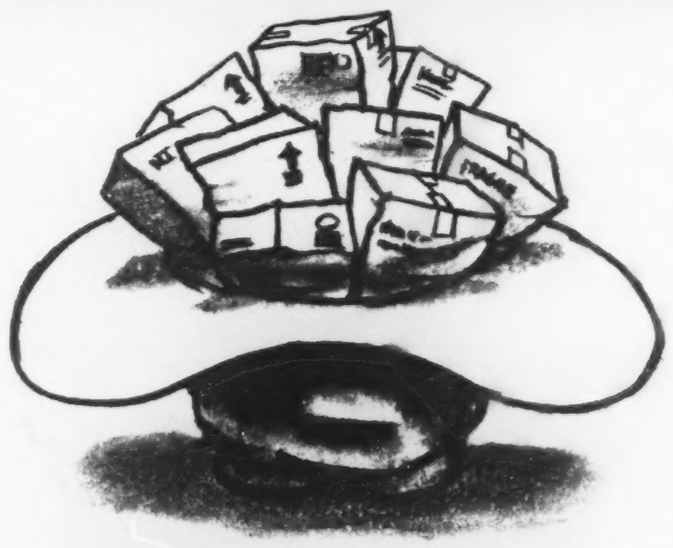

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cover story

Manufacturers reorient structural panel market

(Continued from page 40)

est products producers activate will be critical in the coming years. For unlike the enviable position plywood manufacturers enjoyed 25 to 30 years ago when their product supplanted planking with the clear advantage of convenience and time efficiency, nonveneer panel makers are confronted with a tough sell in some areas.

To Lanny Osterhage, group vice president with Weyerhaeuser, the third-largest nonveneer producer in the country with an annual output of some 600 million sq. ft. of OSB, the marketing campaign it uses may mean avoiding competition with wood end-uses altogether.

Osterhage noted that with scores of plywood mills already shutdown throughout the industry, the survivors in the nonveneer category will be those who made an equal commitment to explore and open new markets.

One of Weyerhaeuser's strategies, Osterhage said, is to spend "several million" dollars a year to court industrial end-uses and contractors to push their "engineered strandboard" against plastics and cement. He said the company had recently formed a think-tank, comprised of top Weyerhaeuser executives and other professionals outside of the company, to blaze the firm's path into the new markets.

"There are a lot of companies out there that are making the same product," Osterhage said. "L-P, G-P, and Weyerhaeuser are making an excellent product, but we as a company have to do more than just become a replacement for plywood. We want to go where other companies aren't and that's just the whole crux of the question."

For at least three years, MacMillian Bloedel Ltd. was at the forefront of the marketing campaign in the U.S. The Canadian firm was the first to introduce the product to the U.S. and spent about $500,000 in market development before the overcapacity dilemma backfired and forced the company to abandon its promotion.

"The fact is that we are in a zero-sum game in the structural panel board market," complains Victor Worthy, vp of panelboards for M-B. "The market is saturated.

"When a new mill opens up, an old one has to shut down and what's more, waferboard did very, very little in the way of new markets. So its like a bunch of tough guys in a boxing ring: You knock each other out until the strongest guy is the only one that's standing, but that guy that's standing is going to have a lot of blood on him.

"It's not monopoly profit anymore. You've got to kill the other guy and they don't go down easily."

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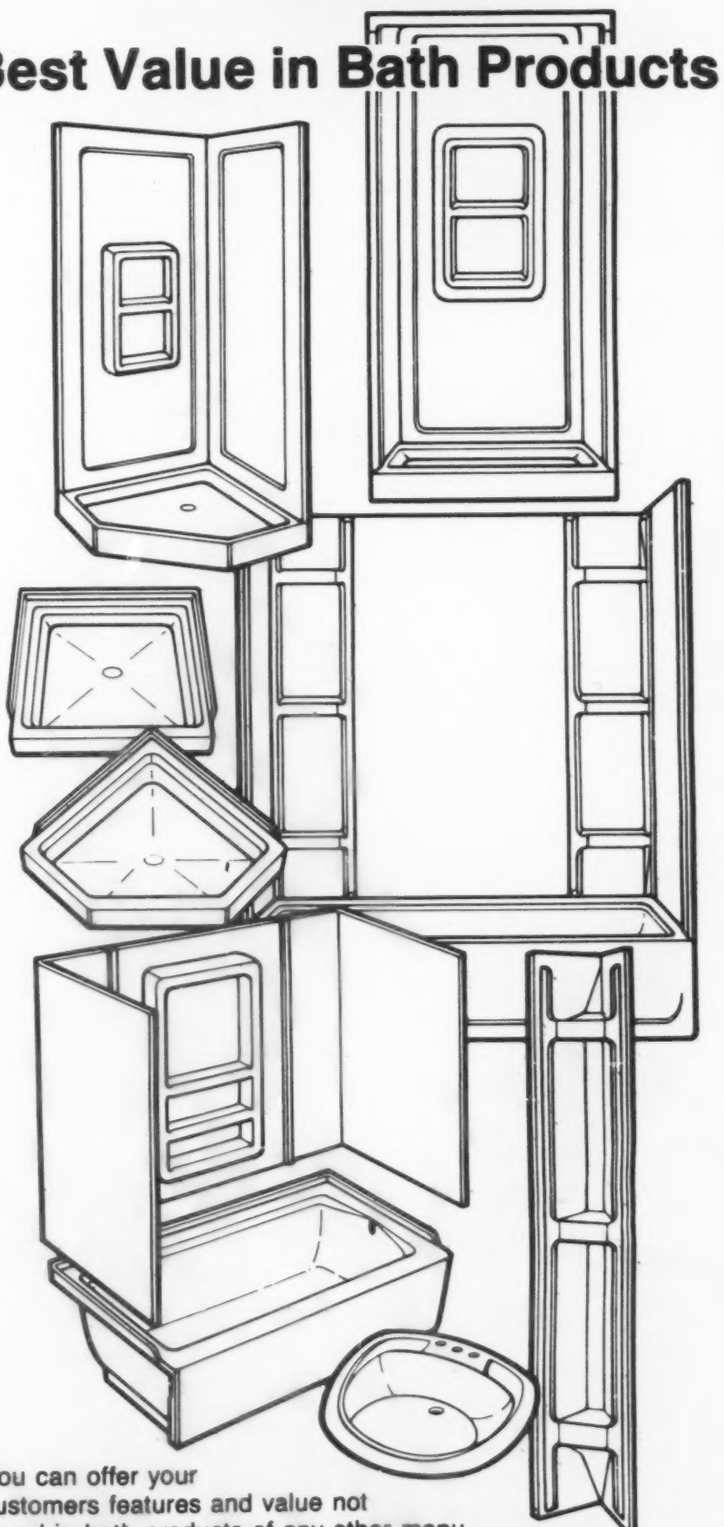

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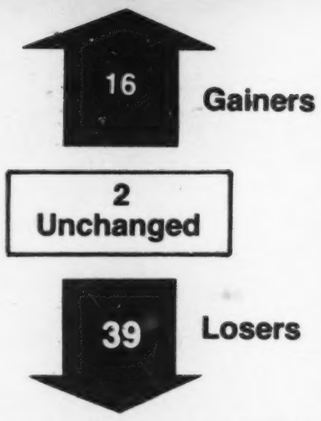

For the two-week period ended Jan. 10, home center stocks experienced considerable adjustment from their surge of the previous month.

While 16 of the stocks tracked for *NHCN* by Media General gained some ground for the two-week period, 39 declined in price, while two stayed even. The sharp reversal from the previous two-week period, during which 44 stocks tracked by *NHCN* enjoyed increases, came at a time when the Dow Jones Industrial average greeted the New Year with its own adjustment from a rapid escalation in the last quarter of 1985.

Homecrafters Warehouse gained 75%, to close at $2.63 on Jan. 10. After the company entered Chapter 11 in early December its stock sank on the market. The latest rebound comes at a time when the company has finally closed its warehouse units and is seeking more funding from its primary lender (see story, page 1).

Southwest Forest Industries gained 14.6% to close at $13.75. Other winners included W. R. Grace, which gained 8.4% after its announcement that it would sell its home center division, to close at $51.88. Lowe's Cos. gained 6.4% to close at $26.88, while Pay 'N Pak gained 6.1% to close at $13.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
Svc Merchandise M	45,853	251.0	- 7.0
Lewis Palmer M	1,297	249.5	- 4.8
Mich General A	3,609	189.1	- 3.3
Grace W R N	35,418	172.4	8.4
Am Standard N	18,458	167.0	2.6
SW Forest Ind N	10,682	166.8	14.6
Wickes Cos A	75,679	161.3	.0
Color Tile M	7,166	153.9	1.9
MacMiln Bldel N	150	150.0	- 5.6
Supermkts Gen N	3,541	146.3	- 2.3
Sherwin-Wms N	3,973	137.0	- 1.7
Hechinger B M	1,448	127.7	- 8.0
Walter, Jim N	9,329	122.7	- .6
Thos Inds N	1,211	121.3	- 4.2
Natl Lumber M	598	116.3	- 2.7
Wolohan Lumber M	1,398	111.5	- 7.5
Hechinger A M	4,167	110.1	2.5
Natl Gypsum N	12,291	109.8	3.7
Georgia-Pacific N	35,689	109.7	- 4.7
USG Corp N	8,886	109.4	- 9.2

TOP GAINERS

Company & Market	2-Weeks Ended 1-10-86	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Homecrafters Whse M	2.63	75.0	3,355
SW Forest Ind N	13.75	14.6	10,682
Grace W R N	51.88	8.4	35,418
Lowe's Cos N	26.88	6.4	10,290
Pay N Pak N	13.00	6.1	3,534

TOP LOSERS

Company & Market	2-Weeks Ended 1-10-86	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Clopay Corp A	13.50	- 11.5	73
Pope & Talbot N	17.50	- 10.8	642
USG Corp N	45.50	- 9.2	8,886
Hechinger B M	20.25	- 8.0	1,448
Wolohan Lumber M	6.13	- 7.5	1,398

HOME CENTER INDUSTRY MARKET SUMMARY

National Home Center News®

Company and Market	Stock Market: Price: 2-Weeks Ended 1-10-86	2-Weeks Change: Amt.	2-Weeks Change: Pct.	2-Week Range: High	2-Week Range: Low	52-Week Range: High	52-Week Range: Low	Volume: 2-Weeks Shares Traded: Total	Volume: 2-Weeks Shares Traded: % Out	Volume: 12-Week Avg. Vol. As % Out	Volume Trend Change	Financial Update: P/E Ratio	Indicated Divd. Rate: Amt.	Indicated Divd. Rate: Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended	Latest Quarter: Revenue: Amt.	Latest Quarter: Revenue: Chg.	Latest Quarter: Net Income: Amt.	Latest Quarter: Net Income: Chg.	Latest Quarter: E.P.S.: Amt.	Latest Quarter: E.P.S.: Chg.	Year-to-Date: Revenue: Amt.	Year-to-Date: Revenue: Chg.	Year-to-Date: Net Income: Amt.	Year-to-Date: Net Income: Chg.	Year-to-Date: E.P.S.: Amt.	Year-to-Date: E.P.S.: Chg.
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers																													
Color Tile M	20.50	.38	1.9	22.00	20.25	22.00	15.25	7,166	7.72	3.04	153.9	13.7	.00	.0	.....	3 mos.	09-85	95.0	25.8	3.3	17.9	.36	16.1	95.0	25.8	3.3	17.9	.36	16.1
Erb Lumber M	33.50	- .50	- 1.5	36.00	33.50	36.50	18.00	81	.91	.65	40.0	5.7	.00	.0	.....	9 mos.	09-85	61.4	44.1	2.3	91.7	2.67	105.4	142.3	27.5	4.3	104.8	4.87	112.7
Forest City Ent A	25.25	- .38	- 1.5	26.13	25.00	26.13	19.63	87	.21	.29	- 27.6	46.8	.15	.6	.....	9 mos.	10-85	72.8	14.3	.0	- 100.0	.00	- 100.0	200.0	5.7	3.6	20.0	.45	12.5
Grace W R N	51.88	4.00	8.4	52.25	46.75	52.25	35.50	35,418	7.30	2.68	172.4	16.3	2.60	5.4	.....	9 mos.	09-85	1758.1	6.0	25.3	- 23.6	.41	- 39.7	5246.9	7.1	102.2	- 25.1	1.96	- 30.0
Handyman A	27.00	.38	1.4	27.50	26.63	29.63	21.75	127	.50	.61	- 18.0	NA	.00	.0	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger A M	20.50	.50	2.5	21.00	20.25	23.19	16.00	4,167	4.77	2.27	110.1	NA	.16	.8	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	20.25	- 1.75	- 8.0	22.00	20.25	24.19	16.00	1,448	1.07	.47	127.7	20.9	.08	.4	.....	9 mos.	10-85	118.3	17.8	5.5	17.0	.23	9.5	362.2	19.7	16.5	11.5	.70	7.7
Homecrafters Whse M	2.63	1.13	75.0	2.75	1.63	10.00	1.00	3,355	11.86	7.14	66.1	NE	.00	.0	NEW	9 mos.	10-85	45.4	9.9	(10.2)	NE	(3.62)	NE	143.0	18.0	(13.5)	NE	(4.80)	NE
Home Depot N	12.13	- .75	- 5.8	12.88	12.00	20.38	10.50	4,406	1.76	1.50	17.3	33.7	.00	.0	.....	9 mos.	10-85	177.7	76.8	1.2	- 63.6	.04	- 69.2	497.0	57.6	5.6	- 46.7	.22	- 47.6
INTERCO Inc N	69.88	- .25	- .4	72.25	69.63	73.63	60.75	3,258	2.30	1.77	29.9	13.6	3.08	4.4	NEW	9 mos.	11-85	694.7	- .6	27.0	- 4.6	1.71	216.7	1927.7	- 5.7	61.4	- 15.0	3.89	21.9
K mart Cp N	34.50	- .75	- 2.1	35.63	34.00	41.50	30.63	29,861	2.38	1.57	51.6	10.7	1.40	4.1	.....	9 mos.	10-85	5223.2	4.6	77.4	- 16.2	.60	- 15.5	15667.8	10.2	210.7	- 28.5	1.64	- 27.8
Lowe's Cos N	26.88	1.63	6.4	27.00	25.13	31.13	20.75	10,290	2.84	1.45	95.9	4.4	.36	1.3	.....	9 mos.	10-85	3833.0	756.2	441.1	2406.3	4.90	900.0	4880.9	271.8	473.9	831.0	5.81	312.1
Mich General A	3.63	- .13	- 3.3	4.00	3.38	8.13	3.25	3,609	3.18	1.10	189.1	NE	.00	.0	.....	9 mos.	09-85	128.3	3.6	(7.9)	- 100.0	(.69)	- 100.0	335.4	- 2.6	(23.2)	- 100.0	(2.05)	- 100.0
Natl Lumber M	4.50	- .13	- 2.7	5.00	4.50	7.50	4.50	598	1.06	.49	116.3	22.5	.00	.0	.....	9 mos.	10-85	33.7	.9	.1	- 66.7	.02	- 60.0	101.6	6.8	.8	- 20.0	.14	- 22.2
Pay N Pak N	13.00	.75	6.1	14.13	12.13	15.25	11.50	3,534	3.53	1.71	106.4	16.0	.64	4.9	.....	9 mos.	11-85	86.1	5.6	1.8	- 33.3	.18	- 33.3	259.2	6.4	6.9	- 22.5	.69	- 22.5
Payless Cash N	14.75	- .75	- 4.8	16.00	14.50	23.38	13.50	11,213	3.06	1.74	75.9	13.5	.16	1.1	.....	9 mos.	08-85	379.4	13.4	12.4	- 3.9	.36	- 10.0	1010.0	19.7	27.0	- 2.5	.80	- 7.0
Scotty's Inc N	14.88	.00	.0	15.63	14.75	16.38	12.38	2,045	1.43	.78	83.3	12.1	.52	3.5	.....	3 mos.	09-85	110.3	8.5	2.8	- 17.6	.20	- 23.1	110.3	8.5	2.8	- 17.6	.20	- 23.1
Sears, Roebuck N	37.00	- 1.63	- 4.2	39.50	35.88	41.13	31.63	80,327	2.21	1.21	82.6	10.4	1.76	4.8	.....	9 mos.	09-85	10047.1	3.7	262.2	- 18.5	.71	- 19.3	28647.1	3.4	751.0	- 15.8	2.03	- 17.8
Svc Merchandise M	11.63	- .88	- 7.0	12.63	11.38	16.13	11.38	45,853	13.76	3.92	251.0	19.7	.08	.7	.....	9 mos.	09-85	528.3	69.7	(15.1)	- 100.0	(.45)	- 100.0	1421.0	53.3	(18.4)	- 100.0	(.55)	- 100.0
Std Brd Pnt N	20.63	.25	1.2	21.25	19.75	23.88	18.75	2,041	1.80	1.65	9.1	12.4	.56	2.7	.....	9 mos.	10-85	90.0	10.4	4.0	- 24.5	.35	- 27.1	266.4	9.1	14.2	- 12.9	1.26	- 14.3
Supermkts Gen N	47.50	- 1.13	- 2.3	52.00	47.50	52.00	33.50	3,541	1.97	.80	146.3	13.2	.48	1.0	.....	9 mos.	10-85	1263.6	9.9	24.2	132.7	.68	17.2	3766.3	25.1	42.1	38.9	2.35	38.2
Wickes Cos A	4.75	.00	.0	5.00	4.63	5.63	3.13	75,679	7.89	3.02	161.3	NA	.00	.0	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Wolohan Lumber M	6.13	- .50	- 7.5	6.63	6.13	7.25	5.25	1,398	2.39	1.13	111.5	11.8	.16	2.6	.....	9 mos.	09-85	46.8	12.5	1.2	9.1	.20	5.3	113.3	10.0	2.2	22.2	.38	22.6
Zayre Corp N	59.00	- 1.75	- 2.9	61.75	58.00	66.13	35.72	6,314	2.35	1.29	82.2	17.5	.48	.8	.....	9 mos.	10-85	942.0	21.3	27.6	22.1	1.02	21.4	2537.0	20.6	56.7	24.3	2.09	22.9
Wholesalers																													
Lewis Palmer M	7.50	- .38	- 4.8	7.88	7.38	9.38	6.38	1,297	3.32	.95	249.5	57.7	.27b	3.6	.....	9 mos.	10-85	39.9	- 9.9	.6	.0	.16	6.7	110.4	- 2.9	.8	- 42.9	.22	- 43.6
Manufacturers																													
Allegheny Int N	19.00	- 1.13	- 5.6	20.13	18.75	28.75	17.00	3,676	3.42	3.53	- 3.1	NE	1.40	7.4	.....	9 mos.	09-85	511.5	- .9	(71.4)	- 100.0	(7.35)	- 100.0	1519.2	- 1.0	(56.3)	- 100.0	(7.47)	- 100.0
Am Standard N	38.88	1.00	2.6	40.13	37.75	40.13	26.75	18,458	4.70	1.76	167.0	13.1	1.60	4.1	.....	9 mos.	09-85	830.9	.3	28.2	- 3.1	.71	- 5.3	2498.2	6.2	85.8	2.0	2.18	- 4.8
Armstrng Wrld N	41.38	- 2.63	- 6.0	45.75	41.00	45.75	30.38	3,794	1.58	1.42	11.3	10.2	1.30	3.1	.....	9 mos.	09-85	446.7	13.1	28.1	23.2	1.17	23.2	1253.2	5.6	78.3	6.7	3.26	8.7
Black & Decker N	20.25	- 1.13	- 5.3	21.63	20.13	26.88	17.25	18,471	3.64	2.33	56.2	22.0	.64	3.2	NEW	fiscal	09-85	454.3	- 5.9	10.2	- 58.4	.20	- 58.3	1732.3	13.0	46.9	- 50.8	.92	- 52.8
Boise Cascade N	46.00	- .50	- 1.1	47.88	45.75	51.00	37.25	4,266	1.57	1.77	- 11.3	25.1	1.90	4.1	.....	9 mos.	09-85	934.2	- 3.0	20.3	- 37.9	.65	- 42.5	2844.5	- 2.2	85.3	- 9.4	2.84	- 12.3
Certain-teed N	25.75	- 1.00	- 3.7	27.63	25.63	28.50	21.25	1,579	.83	.57	45.6	8.9	.70	2.7	.....	9 mos.	09-85	304.1	- 7.0	18.3	408.3	.93	447.1	848.0	- 7.4	43.0	45.3	2.18	48.3
Champ Intl N	24.63	.25	1.0	25.75	24.13	26.75	20.00	27,570	2.97	1.63	82.2	NE	.52	2.1	.....	9 mos.	09-85	1330.4	17.6	37.9	- 5.7	.37	- 43.9	4575.1	33.4	125.0	14.3	1.22	- 31.5
Clopay Corp A	13.50	- 1.75	- 11.5	15.50	13.50	22.19	11.25	73	.48	.37	29.7	NE	.16	1.2	.....	9 mos.	09-85	38.5	6.6	(1.2)	- 100.0	(.78)	- 100.0	103.7	6.3	(1.7)	- 100.0	(1.10)	- 100.0
DeSoto Inc N	36.00	- .13	- .3	37.13	35.25	37.88	31.50	375	.79	.63	25.4	11.7	1.40	3.9	.....	9 mos.	09-85	109.2	- 4.5	4.1	- 31.7	.86	- 18.9	330.1	.3	11.3	- 29.4	2.37	- 16.8
Emhart Corp N	31.38	- 1.00	- 3.1	32.50	31.38	33.25	26.25	3,511	1.27	.69	84.1	11.5	1.40b	4.5	.....	9 mos.	09-85	421.2	.1	17.0	- 20.6	.61	- 28.2	1290.6	- 4.1	56.4	- 13.0	2.03	- 21.3
Georgia-Pacific N	25.25	- 1.25	- 4.7	26.88	25.00	27.38	20.50	35,689	3.46	1.65	109.7	30.8	.80	3.2	.....	9 mos.	09-85	1752.0	- .3	58.0	- 30.1	.52	- 29.7	5126.0	4.3	174.0	- 20.2	1.56	- 8.8
Insilco Corp N	20.00	- 1.00	- 4.8	21.25	19.50	21.38	16.63	4,055	2.06	1.58	30.4	12.5	1.00b	5.0	.....	9 mos.	09-85	209.1	1.0	5.9	- 35.2	.30	- 41.2	637.1	5.1	22.5	- 12.5	1.20	- 15.5
La Pacific N	21.63	- .75	- 3.4	23.13	21.25	24.75	17.63	4,569	1.29	.96	34.4	18.5	.80b	3.7	.....	9 mos.	09-85	332.3	6.3	11.3	63.8	.32	77.8	948.3	.2	18.7	- 11.8	.53	- 10.2
MacMiln Bldel N	16.75	- 1.00	- 5.6	17.88	16.75	21.34	12.47	150	.05	.02	150.0	25.4	.00a	.0	.....	9 mos.	09-85	597.1	- 1.0	12.1	61.3	.18	350.0	1733.7	11.9	22.5	NE	.10	NE
Manville Cp N	5.88	- .13	- 2.1	6.25	5.63	8.63	5.13	4,598	1.92	1.44	33.3	NE	.00	.0	.....	9 mos.	09-85	471.4	- 4.0	(98.6)	- 100.0	(4.37)	- 100.0	1405.4	3.5	(66.0)	- 100.0	(3.53)	- 100.0
Masco Corp N	40.88	.75	1.9	42.75	39.00	42.75	27.50	9,068	1.56	1.01	54.5	27.8	.64	1.6	.....	9 mos.	09-85	NC	NC	(48.6)	- 100.0	(.10)	NE	449.1	- 44.2	23.2	- 75.4	1.14	- 31.7
Mor-Flo Inds M	18.88	.13	.7	18.88	18.63	20.25	14.50	339	1.34	.90	48.9	8.9	.01	.1	.....	9 mos.	09-85	47.0	.9	.3	- 81.3	.11	- 82.5	153.0	3.9	3.7	- 22.9	1.45	- 24.5
Natl Gypsum N	45.38	1.63	3.7	46.63	43.38	47.25	25.09	12,291	5.37	2.56	109.8	8.7	1.52	3.3	.....	9 mos.	09-85	468.0	4.2	35.1	24.9	1.53	26.4	1277.4	- .8	96.6	18.4	4.16	18.9
Newell Co N	21.00	- .50	- 2.3	22.38	21.00	22.63	15.13	1,074	1.25	.78	60.3	10.8	.60	2.9	.....	9 mos.	09-85	92.2	36.4	5.4	74.2	.60	66.7	253.4	15.9	13.4	34.0	1.48	27.6
Owens Corning N	36.50	- 1.00	- 2.7	38.38	35.88	38.75	30.75	4,939	1.66	1.04	59.6	8.9	1.40	3.8	.....	9 mos.	09-85	870.5	8.0	38.9	11.8	1.31	11.0	2338.4	3.2	87.1	8.5	2.94	7.7
Ply-Gem A	17.75	- .38	- 2.1	19.75	17.50	19.75	12.63	1,462	3.40	1.88	80.9	16.0	.16	.9	.....	9 mos.	09-85	39.5	- 2.7	1.1	37.5	.25	31.6	123.0	- .2	3.1	- 3.1	.77	- 12.5
Pope & Talbot N	17.50	- 2.13	- 10.8	19.88	17.50	21.50	16.75	642	1.07	1.45	- 26.2	76.1	.80	4.6	.....	9 mos.	09-85	82.0	- .6	2.1	NE	.34	NE	250.3	3.8	6.1	48.8	1.01	46.4
Potlatch Cp N	36.25	- .88	- 2.4	38.13	36.00	43.63	31.13	1,650	1.07	3.36	- 68.2	14.4	1.56	4.3	.....	9 mos.	09-85	239.6	- 3.8	11.3	1.8	.65	1.6	722.9	- 4.6	33.3	- 15.9	1.93	- 13.1
Sherwin-Wms N	43.00	- .75	- 1.7	46.38	42.63	47.00	29.75	3,973	1.73	.73	137.0	13.6	.92	2.1	.....	9 mos.	09-85	578.8	4.8	29.1	15.0	1.26	13.5	1677.5	6.6	63.3	13.2	2.75	13.2
SW Forest Ind N	13.75	1.75	14.6	14.13	11.63	15.88	9.88	10,682	11.50	4.31	166.8	NE	.00	.0	.....	9 mos.	09-85	181.6	- 10.6	(2.8)	- 100.0	(.45)	- 100.0	530.9	- 9.6	(7.3)	- 100.0	(1.25)	- 100.0
Stanley Works N	31.75	- .38	- 1.2	32.63	30.75	33.75	26.50	3,050	1.10	.67	64.2	11.6	1.04	3.3	.....	9 mos.	09-85	297.1	.8	19.4	7.2	.70	7.7	885.9	3.9	52.6	5.2	1.92	7.3
Thos Inds N	19.75	- .88	- 4.2	21.13	19.25	21.13	14.41	1,211	1.35	.61	121.3	11.1	.65b	3.3	.....	9 mos.	09-85	79.1	- .5	4.9	14.0	.54	14.9	231.9	8.1	12.0	.0	1.34	.0
Triangle Pac N	35.50	1.00	2.9	37.63	34.50	37.63	26.00	620	1.64	.91	80.2	9.8	1.00	2.8	.....	9 mos.	09-85	69.0	- 3.5	4.7	9.3	1.24	21.6	198.2	- 4.5	11.6	8.4	2.90	12.0
USG Corp N	45.50	- 4.63	- 9.2	51.25	44.50	51.25	30.75	8,886	2.66	1.27	109.4	7.2	1.68	3.7	.....	9 mos.	09-85	657.4	3.7	65.7	38.3	1.96	36.1	1891.3	10.7	169.9	16.9	5.08	15.5
Walter, Jim N	42.75	- .25	- .6	44.50	42.25	44.50	31.00	9,329	4.41	1.98	122.7	8.4	1.40	3.3	.....	fiscal	08-85	627.9	11.2	38.4	13.9	1.75	12.9	2292.3	1.5	111.7	15.2	5.11	14.8
Waxman Ind M	12.50	.13	1.0	12.88	12.25	16.88	9.00	880	2.81	2.18	28.9	18.7	.08	.6	.....	3 mos.	09-85	21.5	4.9	.6	- 14.3	.18	- 55.0	21.5	4.9	.6	- 14.3	.18	- 55.0
Weyerhaeuser N	30.38	- .38	- 1.2	31.75	30.00	34.00	24.75	17,602	1.36	.95	43.2	28.9	1.30	4.3	.....	9 mos.	09-85	1291.8	- 51.6	38.6	- 33.8	.24	- 40.0	3967.6	- 4.2	136.5	- 31.3	.89	- 34.6

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column
Volume Trend Change—% difference between "2-weeks shares traded % out" and "12-week avg. vol. as % of out."
P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.